

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

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R 161752Z NOV 76

FM AMEMBASSY BUENOS AIRES

TO AMEMBASSY SANTIAGO

INFO SECSTATE WASHDC 7932

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E.O. 11652: N/A

TAGS: ETRD, ECON, CI, AR

SUBJECT: DUMPING AND ANTI-DUMPING

REF: SANTIAGO 8954

1. AMONG INCENTIVES OFFERED EXPORTERS BY GOA ARE:

1) REMISSION OF TAXES AND IMPORT DUTIES ON COMPONENTS
AND RAW MATERIALS IN PRODUCTS EXPORTED AND

2) SUBSIDIES UP TO 20 PERCENT OF FOB VALUE DEPENDING
ON PRODUCTS AN ADDITIONAL 5 PERCENT FOR MARKETS CLASSIFIED AS
"NON-TRADITIONAL." FINANCIAL FACILITIES, WHICH RECENTLY HAVE ASSUM-
ED GREATER IMPORTANCE IN THE FACE OF RISING COSTS AND
SLOWDOWN IN GROWTH OF MONEY SUPPLY, AS FOLLOWS:

1) PRE-EXPORT FINANCING FOR MANUFACTURERS DURING
PRODUCTION CYCLE FOR UP TO 65 PERCENT OF PESO COST
ON GOODS INCLUDED IN EXPORT CONTRACTS AT 40 PERCENT
INTEREST, 2) EXPORT FINANCING FROM 80 TO 100 PERCENT
ON US\$ FOB VALUE AT 7.5 PERCENT FOR TERM OF 8 YEARS
FOR CAPITAL GOODS, THREE YEARS FOR DURABLES AND EIGHTEEN MONTHS
FOR OTHER ITEMS, AND 3) POST-EXPORT FINANCING UP TO 40 PERCENT
OF EXPORT RECEIPTS LIQUIDATED IN PESOS AT 47 PERCENT.

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FURTHER, THE GOA OFFERS CREDIT INSURANCE PROGRAMS

COVERING COMMERCIAL AND POLITICAL RISKS.

2. MULTIPLE MARKET/OFFICIAL EXCHANGE RATE MIXES HAVE FAVORED PROMOTED EXPORTS. HOWEVER, CURRENT FOREIGN EXCHANGE POLICY OF CONVERGENCE TO A "SINGLE FREE MARKET RATE" EXPECTED TO BE ATTAINED BEFORE YEAR-END WILL ELIMINATE THESE ADVANTAGES. BENEFICIARIES ARE EXPORTERS OF TRADITIONAL PRODUCTS. PROMOTED EXPORTS, E.G. MANUFACTURES, HAVE BEEN USING SAME FREE MARKET RATE SINCE JULY 29, AND ARE BEING SQUEEZED BY RISING COSTS. LATEST CENTRAL BANK REGULATION PROVIDES FOR MIXED RATE OF 15 PERCENT OFFICIAL AND 85 PERCENT FREE MARKET FOR TRADITIONAL EXPORTS; PROMOTED EXPORTS CONTINUED TO BE TRANSACTED AT FULL FREE MARKET RATE.

3. BOTH WINE AND FOOTWEAR ARE DESIGNATED PROMOTED PRODUCTS AND ARE TRANSACTED AT FULL FREE MARKET RATE. WINE EXPORTS IN BULK RECEIVE NO SUBSIDY; IN BOTTLES OR CANS, A 10 PERCENT SUBSIDY. FOOTWEAR RECEIVES A 15 PERCENT SUBSIDY ON MOST BTN ITEMS.
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Disposition Approved on Date:
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